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TRI-CONTINENTAL CORP  
Form 497  
April 28, 2006

[LOGO] Tri-Continental Corporation

AN INVESTMENT YOU CAN LIVE WITH

Prospectus  
May 1, 2006

100 Park Avenue  
New York, NY 10017  
New York City Telephone (212) 682-7600  
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For Retirement Plan Information -- Toll-Free Telephone (800) 445-1777

Tri-Continental Corporation is a diversified, closed-end investment company--a publicly traded investment fund. The Corporation's Common Stock is traded on the New York Stock Exchange under the symbol "TY." The closing market price of the Common Stock on February 28, 2006 was \$19.83 per share.

The Corporation invests primarily for the longer term, and over the years the Corporation's objective has been to produce future growth of both capital and income while providing reasonable current income. Common stocks have made up the bulk of investments. However, assets may be held in cash or invested in all types of securities. See "Investment Objective and Other Policies and Related Risks." No assurance can be given that the Corporation's investment objective will be realized. The Corporation's manager is J. & W. Seligman & Co. Incorporated.

This Prospectus applies to all shares of Common Stock purchased under the Corporation's various Investment Plans. See "Investment Plans and Other Services." The shares of Common Stock covered by this Prospectus also may be issued from time to time by the Corporation to acquire the assets of personal holding companies, private investment companies or publicly owned investment companies. See "Issuance of Shares in Connection with Acquisitions."

This Prospectus sets forth concisely the information that a prospective investor should know about the Corporation before investing. Investors are advised to read this Prospectus carefully and to retain it for future reference. Additional information about the Corporation, including a Statement of Additional Information ("SAI") dated May 1, 2006, has been filed with the Securities and Exchange Commission. The SAI, as well as the Corporation's most recent Annual and Semi-Annual Reports are also available upon request and without charge by writing or calling the Corporation at the address or telephone numbers listed above. Investors may also write or call the Corporation in order to request other available information or to make stockholder inquiries. The SAI is dated the same date as this Prospectus and is incorporated herein by reference in its entirety. The table of contents of the SAI appears on page 27 of this Prospectus. The 2005 Annual Report contains financial statements of the Corporation for the year ended December 31, 2005, which are incorporated by reference into the SAI. The SAI, as well as the Corporation's most recent Annual and Semi-Annual Reports are also available at [www.tricontinental.com](http://www.tricontinental.com). The website references in this Prospectus are inactive textual references and information contained in or otherwise accessible through these websites does not form a part of this Prospectus. The Securities and Exchange Commission maintains a web site ([www.sec.gov](http://www.sec.gov)) that contains the Prospectus, SAI, material incorporated by reference, and other information filed electronically by the Corporation.

THE SECURITIES AND EXCHANGE COMMISSION HAS NEITHER APPROVED NOR DISAPPROVED

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THESE SECURITIES, AND IT HAS NOT DETERMINED THIS PROSPECTUS TO BE ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Common Stock  
(\$0.50 par value)

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### SUMMARY OF CORPORATION EXPENSES

The following table illustrates the expenses and fees that the Corporation expects to incur and that you can expect to bear as a stockholder of the Corporation.

#### STOCKHOLDER TRANSACTION EXPENSES

Automatic Dividend Investment and Cash Purchase Plan Fees..... --/(1)/

ANNUAL EXPENSES FOR 2005 (AS A PERCENTAGE OF NET ASSETS ATTRIBUTABLE TO COMMON STOCK)

Management Fees..... 0.41%

Other Expenses/(2)/..... 0.24%

-----  
Total Annual Expenses..... 0.65%

=====

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/(1)/ Stockholders participating in the Corporation's investment plans pay a maximum \$2.00 fee per transaction. There is also a charge of \$1.00 per withdrawal payment for stockholders participating in the Systematic Withdrawal Plan. See "Investment Plans and Other Services--Automatic Dividend Investment and Cash Purchase Plan" for a description of the investment plans and services.

/(2)/ Based on actual expenses incurred in 2005.

The following example illustrates the costs you would pay on a \$1,000 investment, assuming a 5% annual return:

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	1 YEAR	3 YEARS	5 YEARS	10 YEARS
	-----	-----	-----	-----
Tri-Continental Corporation Common Stock	\$7	\$21	\$36	\$81

The purpose of the table above is to assist you in understanding the various costs and expenses you will bear directly or indirectly. For more complete descriptions of the various costs and expenses, see "Management of the Corporation" and "Investment Plans and Other Services--Automatic Dividend Investment and Cash Purchase Plan."

The example does not represent actual costs, which may be more or less than those shown. Moreover, the Corporation's actual rate of return may be more or less than the hypothetical 5% return shown in the example.

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### PROSPECTUS SUMMARY

The following is qualified in its entirety by the more detailed information included elsewhere in this Prospectus.

This Prospectus applies to shares of Common Stock of the Corporation. The Corporation invests primarily for the longer term and has no Charter restrictions with respect to such investments. Over the years the Corporation's objective has been to produce future growth of both capital and income while providing reasonable current income. There can be no assurance that this objective will be achieved. While common stocks have made up the bulk of investments, assets may be held in cash or invested in all types of securities in whatever amounts or proportions J. & W. Seligman & Co. Incorporated (the "Manager") believes best suited to current and anticipated economic and market conditions. These may include preferred stock, debt securities, repurchase agreements, options, illiquid securities and securities of foreign issuers, each of which could involve certain risks. See "Investment Objective and Other Policies and Related Risks."

The Manager manages the investment of the assets of the Corporation and administers its business and other affairs pursuant to a Management Agreement approved by the Board of Directors and the stockholders of the Corporation. The Manager also serves as manager of twenty-three other U.S. registered investment companies which, together with the Corporation, make up the "Seligman Group of Funds." The aggregate assets of the Seligman Group of Funds as of March 31, 2006 were approximately \$11.8 billion. The Manager also provides investment management or advice to institutional and other accounts having a value as of March 31, 2006 of approximately \$8.4 billion. The Manager's fee is based in part on the average daily net assets of the Corporation. The management fee rate for the year ended December 31, 2005 was equivalent to 0.41% of the Corporation's average daily net investment assets. See "Management of the Corporation."

Shares of Common Stock covered by this Prospectus may be purchased from time to time by Seligman Data Corp. ("SDC"), the Plan service agent for Automatic Dividend Investment and Cash Purchase Plans, Individual Retirement Accounts ("IRAs"), Retirement Plans for Self-Employed Individuals, Partnerships and Corporations, the J. & W. Seligman & Co. Incorporated Matched Accumulation Plan and the Seligman Data Corp. Employees' Thrift Plan (collectively, the "Plans"),

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as directed by participants, and may be sold from time to time by the Plan service agent for participants in Systematic Withdrawal Plans. See "Investment Plans and Other Services." Shares will be purchased for the Plans on the New York Stock Exchange or elsewhere when the market price of the Common Stock is equal to or less than its net asset value, and any brokerage commissions applicable to such purchases will be charged pro rata to the Plan participants. Shares will be purchased for the Plans from the Corporation at net asset value when the net asset value is lower than the market price, all as more fully described in this Prospectus.

A discussion regarding the basis for the Corporation's Board of Director's approval of the investment management agreement between the Corporation and the Manager is available in the Corporation's annual report for 2005.

On November 17, 2005, the Board of Directors authorized the renewal of the Corporation's ongoing share repurchase plan. The program authorizes the Corporation to repurchase during the period January 1, 2006 through December 31, 2006 up to 5% of its then outstanding Common Stock, provided that the excess of net asset value of a share of Common Stock over its market price (the discount) remains greater than 10%. The

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shares repurchased under this program are cancelled increasing the number of authorized but unissued shares available for issuance to participants in the Plan. The stock repurchase program seeks, among other things, to moderate the growth in the number of shares outstanding, increase the net asset value of the Corporation's outstanding shares, reduce the dilutive impact on stockholders who do not take capital gains distributions in additional shares and increase the liquidity of the Corporation's Common Stock in the marketplace. Shares acquired by the Corporation from participants in the Systematic Withdrawal Plan and other stockholder plans, as well as shares purchased for the Corporation in the open market to meet demand under the Automatic Dividend Investment and Cash Purchase Plan, are counted towards the repurchase limit under the program. For the period from November 19, 2004 through December 31, 2005, the Corporation repurchased 6,460,302 shares, representing 5.69% of outstanding shares at the beginning of the period. This compares to 5,931,023 shares repurchased in the year ended November 18, 2004, representing 5.0% of the shares outstanding.

### THE CORPORATION

The Corporation is a Maryland corporation formed in 1929 by the consolidation of two predecessor corporations. It is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified management investment company of the closed-end type. The Corporation's Common Stock is listed on the New York Stock Exchange under the symbol "TY." The average weekly trading volume on that and other exchanges during 2005 was 415,356 shares. The Corporation's Common Stock has historically been traded on the market at less than net asset value. As of February 28, 2006, the Corporation had 107,343,211 shares of Common Stock outstanding and net assets attributable to Common Stock of \$2,447,393,085.

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### FINANCIAL HIGHLIGHTS

The Corporation's financial highlights for the years presented below have been audited by Deloitte & Touche LLP, Independent Registered Public Accounting

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Firm. This information, which is derived from the financial and accounting records of the Corporation, should be read in conjunction with the financial statements and notes contained in the Corporation's 2005 Annual Report, which may be obtained from the Corporation as provided on the cover page of this Prospectus.

"Per share operating performance" data is designed to allow you to trace the operating performance, on a per Common share basis, from the beginning net asset value to the ending net asset value so that you can understand what effect the individual items have on your investment, assuming it was held throughout the year. Generally, the per share amounts are derived by converting the actual dollar amounts incurred for each item, as disclosed in the financial statements, to their equivalent per Common share amount, using average shares outstanding.

PER SHARE OPERATING PERFORMANCE, TOTAL  
(FOR A SHARE OF COMMON STOCK)

	2005	2004
PER SHARE OPERATING PERFORMANCE:		
Net asset value, beginning of year.....	\$ 21.87	\$ 19.55
Net investment income.....	0.26	0.26
Net realized and unrealized investment gain (loss).....	0.29	2.31
Net realized and unrealized gain (loss) from foreign currency transactions	--	--
Increase (decrease) from investment operations.....	0.55	2.57
Dividends paid on Preferred Stock.....	(0.02)	(0.02)
Dividends paid on Common Stock.....	(0.24)	(0.23)
Distribution from net gain realized.....	--	--
Issuance of Common Stock in gain distributions.....	--	--
Net increase (decrease) in net asset value.....	0.29	2.32
Net asset value, end of year.....	\$ 22.16	\$ 21.87
Adjusted net asset value, end of year*.....	\$ 22.10	\$ 21.82
Market value, end of year.....	\$ 18.58	\$ 18.28
TOTAL INVESTMENT RETURN:		
Based upon market value.....	2.98%	12.95%
Based upon net asset value.....	2.66%	13.36%
RATIOS AND SUPPLEMENTAL DATA:		
Expenses to average net investment assets.....	0.64%	0.65%
Expenses to average net assets for Common Stock.....	0.65%	0.66%
Net investment income to average net investment assets.....	1.18%	1.26%
Net investment income to average net assets for Common Stock.....	1.20%	1.28%
Portfolio turnover rate.....	70.77%	47.36%
Net investment assets, end of year (000s omitted):		
For Common Stock.....	\$2,392,304	\$2,470,781
For Preferred Stock.....	37,637	37,637
Total net investment assets.....	\$2,429,941	\$2,508,418

\* Assumes the exercise of outstanding warrants. Warrant exercise terms were: December 28, 1995 to July 1, 1996--13.54 shares at \$1.66 per share; July 2,

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1996 to December 20, 1996--13.79 shares at \$1.63 per share; December 21, 1996 to July 1, 1997--14.69 shares at \$1.53 per share; July 2, 1997 to December 19, 1997--14.99 shares at \$1.50 per share; December 20, 1997 to June 23, 1998--16.06 shares at \$1.40 per share; June 24, 1998 to December 18, 1998--16.78 shares at \$1.34 per share; December 19, 1998 to June 24, 1999--17.85 shares at \$1.26 per share; June 25, 1999 to December 16, 1999--18.14 shares at \$1.24 per share;

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The total investment return based on market value measures the Corporation's performance assuming you purchased shares of the Corporation at the market value as of the beginning of the year, invested dividends and capital gains paid as provided for in the Corporation's Automatic Dividend Investment and Cash Purchase Plan, and then sold your shares at the closing market value per share on the last day of the year. The computation does not reflect any sales commissions you may incur in purchasing or selling shares of the Corporation. The total investment return based on net asset value is similarly computed except that the Corporation's net asset value is substituted for the corresponding market value.

The ratios of expenses and net investment income to average net investment assets and to average net assets for Common Stock for the periods presented do not reflect the effect of dividends paid to Preferred Stockholders.

### INVESTMENT RETURN, RATIOS AND SUPPLEMENTAL DATA (OUTSTANDING THROUGHOUT EACH YEAR)

YEAR ENDED DECEMBER 31,

	2002	2001	2000	1999	1998	1997	1996
\$	21.69	\$ 25.87	\$ 32.82	\$ 34.13	\$ 32.06	\$ 29.28	\$ 27.58
	0.25	0.32	0.35	0.48	0.54	0.60	0.68
	(5.95)	(3.02)	(3.25)	2.90	7.01	6.94	4.84
	--	--	--	--	(0.01)	(0.17)	(0.02)
	(5.70)	(2.70)	(2.90)	3.38	7.54	7.37	5.50
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
	(0.26)	(0.28)	(0.33)	(0.48)	(0.52)	(0.60)	(0.66)
	--	(1.11)	(3.30)	(3.79)	(4.28)	(3.45)	(2.72)
	--	(0.08)	(0.40)	(0.40)	(0.65)	(0.52)	(0.40)
	(5.97)	(4.18)	(6.95)	(1.31)	2.07	2.78	1.70
\$	15.72	\$ 21.69	\$ 25.87	\$ 32.82	\$ 34.13	\$ 32.06	\$ 29.28
\$	15.69	\$ 21.65	\$ 25.82	\$ 32.75	\$ 34.06	\$ 31.99	\$ 29.22
\$	13.25	\$ 18.75	\$ 21.1875	\$ 27.875	\$ 28.50	\$ 26.6875	\$ 24.125
	(28.18)%	(5.22)%	(11.56)%	12.57%	26.19%	27.96%	21.98%
	(26.35)%	(10.20)%	(8.29)%	10.67%	25.80%	26.65%	21.45%
	0.67%	0.59%	0.54%	0.56%	0.58%	0.60%	0.62%
	0.68%	0.60%	0.54%	0.56%	0.58%	0.60%	0.63%
	1.29%	1.36%	1.10%	1.36%	1.59%	1.80%	2.27%
	1.31%	1.37%	1.11%	1.38%	1.60%	1.82%	2.31%

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152.79%	124.34%	54.13%	42.83%	63.39%	83.98%	53.96%
\$1,958,295	\$2,873,655	\$3,458,009	\$4,109,863	\$4,002,516	\$3,391,816	\$2,835,026
37,637	37,637	37,637	37,637	37,637	37,637	37,637
-----	-----	-----	-----	-----	-----	-----
\$1,995,932	\$2,911,292	\$3,495,646	\$4,147,500	\$4,040,153	\$3,429,453	\$2,872,663
=====	=====	=====	=====	=====	=====	=====

December 17, 1999 to June 21, 2000--19.56 shares at \$1.15 per share; June 22, 2000 to December 17, 2000--19.90 shares at \$1.13 per share; December 18, 2000 to December 17, 2001--21.63 shares at \$1.04 per share; and subsequently, 22.50 shares at \$1.00 per share.

# Excluding the effect of a payment received from the Manager, the total return would have been 13.33%.

SENIOR SECURITIES -- \$2.50 CUMULATIVE PREFERRED STOCK

The following information is being presented with respect to the Corporation's \$2.50 Cumulative Preferred Stock. The first column presents the number of Preferred shares outstanding at the end of each of the periods presented. Asset Coverage represents the total amount of net assets of the Corporation in relation to each share of Preferred Stock outstanding as of the end of the respective periods. The involuntary liquidation preference is the amount each share of Cumulative Preferred Stock would be entitled to upon involuntary liquidation of these shares.

YEAR	TOTAL SHARES OUTSTANDING	YEAR-END ASSET COVERAGE PER SHARE	INVOLUNTARY LIQUIDATION PREFERENCE PER SHARE	AVERAGE DAILY MARKET VALUE PER SHARE
-----	-----	-----	-----	-----
2005	752,740	\$3,228	\$50	\$45.70
2004	752,740	3,332	50	45.40
2003	752,740	3,120	50	44.16
2002	752,740	2,654	50	40.61
2001	752,740	3,868	50	37.57
2000	752,740	4,644	50	34.72
1999	752,740	5,510	50	37.31
1998	752,740	5,367	50	40.27
1997	752,740	4,556	50	35.62
1996	752,740	3,816	50	34.28

CAPITALIZATION AT FEBRUARY 28, 2006

TITLE OF CLASS	AUTHORIZED	OUTSTANDING	AMOUNT HELD BY REGISTRANT OR FOR ITS ACCOUNT
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\$2.50 Cumulative Preferred Stock, \$50 par value.....	1,000,000 shs.	752,740 shs.	-0- shs.
Common Stock, \$0.50 par value.....	159,000,000 shs.*	107,343,211 shs.	-0- shs.
Warrants to purchase Common Stock.....	12,822 wts.	12,082 wts.	-0- wts.

\* 271,845 shares of Common Stock were reserved for issuance upon the exercise of outstanding Warrants.

TRADING AND NET ASSET VALUE INFORMATION

The following table shows the high and low sale prices of the Corporation's Common Stock on the composite tape for issues listed on the New York Stock Exchange for each calendar quarter since the beginning of 2004 as well as the net asset values and the range of the percentage discounts to net asset value per share that correspond to such prices.

2004	MARKET PRICE		CORRESPONDING NET ASSET VALUE		CORRESPONDING DISCOUNT TO NET ASSET VALUE	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
1st Q	\$17.69	\$16.40	\$20.56	\$19.52	(13.96)%	(15.98)%
2nd Q	17.45	16.00	20.41	19.28	(14.50)	(17.01)
3rd Q	16.79	15.82	20.14	19.03	(16.63)	(16.87)
4th Q	18.31	16.39	21.89	19.69	(16.35)	(16.76)
2005						
1st Q	18.38	17.49	21.91	20.85	(16.11)	(16.12)
2nd Q	18.35	17.16	21.67	20.42	(15.32)	(15.96)
3rd Q	18.55	17.79	22.23	21.39	(16.55)	(16.83)
4th Q	18.83	17.62	22.50	20.86	(16.31)	(15.53)
2006						
1st Q	20.40	18.86	23.30	22.44	(12.45)	(15.95)

The Corporation's Common Stock has historically been traded on the market at less than net asset value. The closing market price, net asset value and percentage discount to net asset value per share of the Corporation's Common Stock on March 31, 2006 were \$20.24, \$23.13 and 12.49%, respectively.

INVESTMENT OBJECTIVE AND OTHER POLICIES AND RELATED RISKS

The Corporation is a Maryland corporation formed in 1929 by the consolidation of two predecessor corporations. It is registered under the 1940 Act, as a diversified management investment company of the closed-end type.



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The Corporation invests primarily for the longer term and has no Charter restrictions with respect to such investments. Over the years, the Corporation's investment objective has been to produce future growth of both capital and income while providing reasonable current income. There can be no assurance that this objective will be achieved. While common stocks have made up the bulk of investments, assets may be held in cash or invested in all types of securities, that is, in bonds, debentures, notes, preferred and common stocks, rights and warrants (subject to limitations as set forth in the SAI), options, and other securities, in whatever amounts or proportions the Manager believes best suited to current and anticipated economic and market conditions.

The management's present investment policies, in respect to which it has freedom of action, are:

(1) it keeps investments in individual issuers within the limits permitted diversified companies under the 1940 Act (i.e., 75% of its total assets must be represented by cash items, government securities, securities of other investment companies, and securities of other issuers which, at the time of investment, do not exceed 5% of the Corporation's total assets at market value in the securities of any issuer and do not exceed 10% of the voting securities of any issuer);

(2) it does not make investments with a view to exercising control or management except that it has an investment in SDC;

(3) it ordinarily does not invest in other investment companies, but it may purchase up to 3% of the voting securities of such investment companies, provided purchases of securities of a single investment company do not exceed in value 5% of the total assets of the Corporation and all investments in investment company securities do not exceed 10% of total assets; and

(4) it has no fixed policy with respect to portfolio turnover and purchases and sales in the light of economic, market and investment considerations. The portfolio turnover rates for the ten fiscal years ended December 31, 2005 are shown under "Financial Highlights."

The foregoing investment objective and policies may be changed by management without stockholder approval, unless such a change would change the Corporation's status from a "diversified" to a "non-diversified" company under the 1940 Act.

The Corporation's stated fundamental policies relating to the issuance of senior securities, the borrowing of money, the underwriting of securities of other issuers, the concentration of investments in a particular industry or groups of industries, the purchase or sale of real estate, the purchase or sale of commodities or commodity contracts, and the making of loans may not be changed without a vote of stockholders. A more detailed description of the Corporation's investment policies, including a list of those restrictions on the Corporation's investment activities which cannot be changed without such a vote, appears in the SAI. Within the limits of these fundamental policies, management has reserved freedom of action.

**REPURCHASE AGREEMENTS:** The Corporation may enter into repurchase agreements with respect to debt obligations which could otherwise be purchased by the Corporation. A repurchase agreement is an instrument

under which the Corporation may acquire an underlying debt instrument and simultaneously obtain the commitment of the seller to repurchase the security

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at an agreed upon price and date within a number of days (usually not more than seven days from the date of purchase). The value of the underlying securities will be at least equal at all times to the total amount of the repurchase obligation, including the interest factor. The Corporation will make payment for such securities only upon physical delivery or evidence of book transfer to the account of the Corporation's custodian. Repurchase agreements could involve certain risks in the event of default or insolvency of the other party, including possible delays or restrictions upon the Corporation's ability to dispose of the underlying securities.

**ILLIQUID SECURITIES:** The Corporation may invest up to 15% of its net investment assets in illiquid securities, including restricted securities (i.e., securities not readily marketable without registration under the Securities Act of 1933, as amended ("1933 Act")) and other securities that are not readily marketable. The Corporation may purchase restricted securities that can be offered and sold to "qualified institutional buyers" under Rule 144A of the 1933 Act, and the Corporation's Board of Directors may determine, when appropriate, that specific Rule 144A securities are liquid and not subject to the 15% limitation on illiquid securities. Should this determination be made, the Board of Directors will carefully monitor the security (focusing on such factors, among others, as trading activity and availability of information) to determine that the Rule 144A security continues to be liquid. This investment practice could have the effect of increasing the level of illiquidity in the Corporation, if and to the extent that qualified institutional buyers become for a time uninterested in purchasing Rule 144A securities.

**FOREIGN SECURITIES:** The Corporation may invest in commercial paper and certificates of deposit issued by foreign banks and may invest in other securities of foreign issuers directly or through American Depositary Receipts ("ADRs"), American Depositary Shares ("ADSs"), European Depositary Receipts ("EDRs") or Global Depositary Receipts ("GDRs") (collectively, "Depositary Receipts"). Foreign investments may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. There may be less information available about a foreign company than about a U.S. company and foreign companies may not be subject to reporting standards and requirements comparable to those applicable to U.S. companies. Foreign securities may not be as liquid as U.S. securities. Securities of foreign companies may involve greater market risk than securities of U.S. companies, and foreign brokerage commissions and custody fees are generally higher than those in the United States. Investments in foreign securities may also be subject to local economic or political risks, political instability and possible nationalization of issuers. ADRs and ADSs are instruments generally issued by domestic banks or trust companies that represent the deposits of a security of a foreign issuer. ADRs and ADSs may be publicly traded on exchanges or over-the-counter in the United States and are quoted and settled in dollars at a price that generally reflects the dollar equivalent of the home country share price. EDRs and GDRs are typically issued by foreign banks or trust companies and traded in Europe. Depositary Receipts may be issued under sponsored or unsponsored programs. In sponsored programs, the issuer has made arrangements to have its securities traded in the form of a Depositary Receipt. In unsponsored programs, the issuers may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, the issuers of securities represented by unsponsored Depositary Receipts are not obligated to disclose material information in the United States and, therefore, the import of such information may not be reflected in the market value of such receipts. The Corporation may invest up to 10% of its total assets in foreign securities that it holds directly, but this 10% limit does not apply to foreign securities held through Depositary Receipts or to commercial paper and certificates of deposit issued by foreign banks.

**LEVERAGE:** Senior securities issued or money borrowed to raise funds for

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investment have a prior fixed dollar claim on the Corporation's assets and income. Any gain in the value of securities purchased or in income

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received in excess of the cost of the amount borrowed or interest or dividends payable causes the net asset value of the Corporation's Common Stock or the income available to it to increase more than otherwise would be the case. Conversely, any decline in the value of securities purchased or income received on them to below the asset or income claims of the senior securities or borrowed money causes the net asset value of the Common Stock or income available to it to decline more sharply than would be the case if there were no prior claim. Funds obtained through senior securities or borrowings thus create investment opportunity, but they also increase exposure to risk. This influence ordinarily is called "leverage." As of February 28, 2006, the only senior securities of the Corporation outstanding were 752,740 shares of its \$2.50 Cumulative Preferred Stock, \$50 par value. The dividend rate as of February 28, 2006 on such preferred stock was \$2.50 per annum payable quarterly. Based on its February 28, 2006 asset value, the Corporation's portfolio requires an annual return of 0.08% in order to cover dividend payments on the Preferred Stock. For a description of such payments, see "Description of Capital Stock." The following table illustrates the effect of leverage relating to presently outstanding Preferred Stock on the return available to a holder of the Corporation's Common Stock.

Assumed return on portfolio (net of expenses).....	-10%	-5%	0%	5%	10%
Corresponding return to common stockholder	-10.23%	-5.15%	-0.08%	5.00%	10.08%

The purpose of the table above is to assist you in understanding the effects of leverage. The percentages appearing in the table are hypothetical. Actual returns may be greater or less than those shown above.

**OTHER RISKS:** Stock prices fluctuate. Therefore, as with any fund that invests in stocks, the Corporation's net asset value and market price will fluctuate, especially in the short term. You may experience a decline in the value of your investment and you could lose money if you sell your shares at a price lower than you paid for them.

The Corporation may not invest 25% or more of its total assets in securities of companies in any one industry. The Corporation may, however, invest a substantial percentage of its assets in certain industries or economic sectors believed to offer good investment opportunities. If an industry or economic sector in which the Corporation is invested falls out of favor, the Corporation's performance may be negatively affected.

The Corporation's performance may be affected by the broad investment environment in the U.S. or international securities markets, which is influenced by, among other things, interest rates, inflation, politics, fiscal policy, and current events.

Foreign securities or illiquid securities in the Corporation's portfolio involve higher risk and may subject the Corporation to higher price volatility. Investing in securities of foreign issuers involves risks not associated with U.S. investments, including settlement risks, currency fluctuations, local withholding and other taxes, different financial reporting practices and regulatory standards, high costs of trading, changes in political conditions,

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expropriation, investment and repatriation restrictions, and settlement and custody risks.

Options transactions can involve a high degree of risk, including the possibility of a total loss of the amount invested. When options are purchased over-the-counter, there is a risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Such over-the-counter options may also be illiquid and, in such cases, the Corporation may have difficulty closing out its position.

An investment in the Corporation is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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### MANAGEMENT OF THE CORPORATION

**THE MANAGER:** In accordance with the applicable laws of the State of Maryland, the Board of Directors provides broad supervision over the affairs of the Corporation. Pursuant to a Management Agreement approved by the Board and the stockholders, the Manager manages the investment of the assets of the Corporation and administers its business and other affairs. In that connection, the Manager makes purchases and sales of portfolio securities consistent with the Corporation's investment objective and policies.

The Manager is a successor firm to an investment banking business founded in 1864 which has thereafter provided investment services to individuals, families, institutions and corporations. The Manager also serves as manager of twenty-three other U.S. registered investment companies of the Seligman Group of Funds. These other companies are: Seligman Capital Fund, Inc., Seligman Cash Management Fund, Inc., Seligman Common Stock Fund, Inc., Seligman Communications and Information Fund, Inc., Seligman Frontier Fund, Inc., Seligman Global Fund Series, Inc., Seligman Growth Fund, Inc., Seligman High Income Fund Series, Seligman Income and Growth Fund, Inc., Seligman Investment Grade Fixed Income Fund, Inc., Seligman LaSalle Real State Fund Series, Inc. Seligman Municipal Fund Series, Inc., Seligman Municipal Series Trust, Seligman New Jersey Municipal Fund, Inc., Seligman New Technologies Fund, Inc., Seligman New Technologies Fund II, Inc., Seligman Pennsylvania Municipal Fund Series, Seligman Portfolios, Inc., Seligman Quality Municipal Fund, Inc., Seligman Select Municipal Fund, Inc., Seligman TargetHorizon ETF Portfolios, Inc., Seligman Time Horizon/Harvester Series, Inc. and Seligman Value Fund Series, Inc. The address of the Manager is 100 Park Avenue, New York, NY 10017. Mr. William C. Morris, Chairman of the Manager and Chairman of the Board of Directors of the Corporation, owns a majority of the outstanding voting securities of the Manager and is a controlling person of the Manager.

As compensation for the services performed and the facilities and personnel provided by the Manager, the Corporation pays to the Manager promptly after the end of each month a fee, calculated on each day during such month, equal to the Applicable Percentage of the daily net assets of the Corporation at the close of business on the previous business day. The term "Applicable Percentage" means the amount (expressed as a percentage and rounded to the nearest one millionth of one percent) obtained by dividing (i) the Fee Amount by (ii) the Fee Base. The term "Fee Amount" means the sum on an annual basis of:

0.45 of 1% of the first \$4 billion of Fee Base  
0.425 of 1% of the next \$2 billion of Fee Base  
0.40 of 1% of the next \$2 billion of Fee Base, and  
0.375 of 1% of the Fee Base in excess of \$8 billion.

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The term "Fee Base" as of any day means the sum of the net assets at the close of business on the previous day of each of the investment companies registered under the 1940 Act for which the Manager or any affiliated company acts as investment adviser or manager (including the Corporation).

The Corporation's portfolio is managed by the Manager's Core Investment Team, headed by Mr. John B. Cunningham, Managing Director and Chief Investment Officer of the Manager. Mr. Cunningham is Vice President and Portfolio Manager of the Corporation. He is also Vice President and Portfolio Manager of Seligman Common Stock Fund, Inc., Vice President and Co-Portfolio Manager of Seligman Income and Growth Fund, Inc. and Seligman TargetHorizon ETF Portfolios, Inc., and Vice President of Seligman Portfolios, Inc. and

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Portfolio Manager of its Seligman Common Stock Portfolio. Prior to joining the Manager, Mr. Cunningham was, beginning in 2001, a Managing Director, Senior Portfolio Manager of Salomon Brothers Asset Management ("SBAM") and Group Head of SBAM's Equity Team. Prior to 2001, he was a Director, Portfolio Manager of SBAM.

Mr. Michael F. McGarry, a Managing Director of the Manager, is Vice President and Co-Portfolio Manager of the Corporation. He is also Vice President and Co-Portfolio Manager of Seligman Common Stock Fund, Inc. and Vice President of Seligman Portfolios, Inc. and Co-Portfolio Manager of its Seligman Common Stock Portfolio. Mr. McGarry joined the Manager in August 1990 as an Institutional Portfolio Administrator and has been a member of the team managing the Corporation since October 2001.

Mr. Cunningham and Mr. McGarry each have decision-making authority with respect to the Corporation's investments, although, as team leader of the Core Investment Team, Mr. Cunningham typically makes the final decisions with respect to the investments made by the Corporation.

The Corporation's SAI provides additional information about the Portfolio Managers' compensation, other accounts managed by the Portfolio Managers and the Portfolio Managers' ownership of the securities of the Corporation.

The Corporation pays all its expenses other than those assumed by the Manager, including brokerage commissions, fees and expenses of independent attorneys and auditors, taxes and governmental fees, cost of stock certificates, expenses of printing and distributing prospectuses, expenses of printing and distributing reports, notices and proxy materials to stockholders, expenses of printing and filing reports and other documents with governmental agencies, expenses of stockholders' meetings, expenses of corporate data processing and related services, stockholder record-keeping and stockholder account services, fees and disbursements of transfer agents and custodians, expenses of disbursing dividends and distributions, fees and expenses of directors of the Corporation not employed by the Manager or its affiliates, insurance premiums, interest on borrowings and extraordinary expenses such as litigation expenses.

The Management Agreement provides that it will continue in effect until December 29 of each year if such continuance is approved in the manner required by the 1940 Act (i.e., by a vote of a majority of the Board of Directors or of the outstanding voting securities of the Corporation and by a vote of a majority of Directors who are not parties to the Management Agreement or interested persons of any such party) and if the Manager shall not have notified the Corporation at least 60 days prior to December 29 of any year that

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it does not desire such continuance. The Management Agreement may be terminated by the Corporation, without penalty, on 60 days' written notice to the Manager and will terminate automatically in the event of its assignment.

CUSTODIAN. State Street Bank and Trust Company serves as custodian for the Corporation's portfolio securities and is located at 801 Pennsylvania Avenue, Kansas City, Missouri 64105.

STOCKHOLDER SERVICE AGENT. Seligman Data Corp. serves as stockholder service agent to the Corporation and is located at 100 Park Avenue, New York, New York 10017.

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### FREQUENTLY ASKED QUESTIONS ABOUT REGULATORY MATTERS

In late 2003, the Manager conducted an extensive internal review in response to public announcements concerning mutual fund trading practices. The following discussion has been prepared to provide shareholders with important information.

For purposes of this discussion, J. & W. Seligman & Co. Incorporated and its affiliates and related parties are referred to as "Seligman" or the "Manager," and the Seligman registered investment companies are referred to as the "Seligman Funds."

#### Q1. HAVE ANY SELIGMAN EMPLOYEES ENGAGED IN IMPROPER TRADING?

A. The Manager conducted an internal review of employee trading in shares of the Seligman Funds in the fall of 2003 and continues to monitor employee trading in the Seligman Funds. The Manager has not found any improper trading activity by Seligman employees.

#### Q2. DOES SELIGMAN HAVE ANY POLICIES RELATING TO EMPLOYEE INVESTMENT IN THE SELIGMAN FUNDS?

A. A majority of Seligman employees invest in the Seligman Funds, either directly or through the Seligman 401(k) plans. Trading by employees is monitored by the Manager's legal department and is subject to the Manager's Code of Ethics. In addition, unlike many 401(k) plans that permit daily trading, the Seligman 401(k) plans permit only weekly trading activity. All Seligman employees have been informed that excessive trading with respect to the Seligman Funds, or trading in the Seligman Funds based upon inside information, is inappropriate and may, in certain cases, be illegal. Employees who engage in inappropriate trading will be subject to disciplinary action, which may include termination of employment.

#### Q3. HAS SELIGMAN ENGAGED IN IMPROPER DISCLOSURE OF A FUND'S PORTFOLIO HOLDINGS?

A. The Manager has found no improprieties relating to the disclosure of a Fund's portfolio holdings. The Manager has not disclosed and does not disclose a Fund's portfolio holdings prior to public dissemination, unless such disclosure is made for legitimate business purposes and only if the Manager believes that such disclosure will not be detrimental to a Fund's interest. A description of the policies and procedures with respect to the disclosure of each Fund's portfolio securities is set forth in each Fund's Statement of Additional Information.

#### Q4. WHAT IS SELIGMAN'S POLICY WITH REGARD TO RECEIPT OF LATE TRADES (I.E., AFTER 4:00 PM EASTERN TIME)?

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- A. Seligman does not accept late trades directly from Fund shareholders or prospective shareholders. The large majority of mutual fund trades submitted to Seligman are from broker-dealer firms and other financial intermediaries on behalf of their clients. These intermediaries have an obligation to ensure that trades submitted to the Seligman Funds after 4:00 pm on a trading day for that day's net asset value were, in fact, received by those entities by 4:00 pm on that day. This applies to all trades from intermediaries, including those that are transmitted electronically to Seligman after the market closes. Although the Seligman Funds and the Manager, like other mutual fund groups, cannot determine the time at which orders received through financial intermediaries were placed, the Manager expects mutual fund trades submitted to Seligman by financial intermediaries to comply with all applicable laws and regulations. Seligman has contacted every financial intermediary that offers, sells, or purchases shares of the Seligman Funds in order to remind all of them of their responsibility to have reasonable policies and procedures to ensure that they comply with their legal and contractual obligations.

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The Manager has found no instances of Fund shareholders engaging in late trading directly with the Seligman Funds. Seligman will cooperate with and support any governmental or regulatory investigation to identify and hold accountable any financial intermediary that has submitted orders in violation of applicable laws or regulations.

### Q5. WHAT IS SELIGMAN'S POLICY REGARDING MARKET TIMING?

- A. Seligman has policies and procedures in place to restrict trades that, in its judgment, could prove disruptive in the management of portfolios of the Seligman Funds. As part of the Manager's procedures, the Manager frequently rejects trades, issues warning letters, and prohibits accounts from making further exchanges. Since September 2003, when the first proceedings relating to trading practices within the mutual fund industry were publicly announced, Seligman has taken additional steps to strengthen its policies and procedures. A general description of the Seligman Funds' policies is set forth in each Fund's prospectus.

### Q6. HAS SELIGMAN CONDUCTED AN INTERNAL REVIEW RELATING TO MARKET TIMING?

- A. The Manager completed its internal review in the fall of 2003. As of September 2003, the Manager had one arrangement that permitted frequent trading. This arrangement was in the process of being closed down by the Manager before September 2003. Based on a review of the Manager's records for 2001 through 2003, the Manager identified three other arrangements that had permitted frequent trading in the Seligman Funds. All three had already been terminated prior to the end of September 2002. The results of the Manager's internal review were presented to the Independent Directors of the Seligman Funds. In order to resolve matters with the Independent Directors relating to the four arrangements, the Manager in May 2004 paid approximately \$75,000 to Seligman Global Growth Fund, \$300,000 to Seligman Global Smaller Companies Fund and \$1.6 million to Seligman Global Technology Fund in recognition that these global investment funds presented some potential for time zone arbitrage. The amounts paid by the Manager represented less than 1/2 of 1% of each such Fund's net asset value as of the date such payments were made. In addition, with respect to Seligman Communications and Information Fund and notwithstanding that time zone arbitrage opportunities did not exist, the Manager, at the request of the Independent Directors, agreed to waive a portion of its management

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fee, amounting to five basis points (0.05%) per annum, for that Fund for a period of two years commencing on June 1, 2004.

- Q7. DOES SELIGMAN DISCLOSE ITS INTERNAL MARKET TIMING CONTROL PROCEDURES?
- A. Seligman's market timing control procedures are proprietary. The Manager believes that disclosing these procedures will reduce their effectiveness.
- Q8. WHAT NEW PRACTICES ARE BEING CONSIDERED TO PREVENT MARKET TIMING ABUSES?
- A. Like other members of the mutual fund industry, Seligman has considered, and continues to consider numerous options, including the implementation of redemption fees. Seligman also has contacted every financial intermediary that offers, sells, or purchases shares of the Seligman Funds in order to inform all of them that they must have reasonable policies and procedures to ensure that they do not knowingly permit or facilitate excessive trading of the Seligman Funds or knowingly use or facilitate any methods designed to disguise such trading in the Seligman Funds.

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- Q9. IS SELIGMAN INVOLVED WITH ANY FEDERAL OR STATE INVESTIGATION RELATING TO MARKET TIMING OR LATE TRADING?
- A. Since February 2004, Seligman has been in discussion with the New York staff of the SEC and the Office of the New York Attorney General ("Attorney General") in connection with their review of frequent trading in certain of the Seligman mutual funds. No late trading is involved. This review was apparently stimulated by Seligman's voluntary public disclosure of the foregoing arrangements in January 2004. In March 2005, negotiations to settle the matter were initiated by the New York staff of the SEC. After several months of negotiations, tentative agreement was reached, both with the New York staff of the SEC and the Attorney General, on the financial terms of a settlement. However, settlement discussions with the Attorney General ended when the Attorney General sought to impose operating conditions on Seligman that were unacceptable to Seligman, would have applied in perpetuity and were not requested or required by the SEC. Subsequently, the New York staff of the SEC indicated that, in lieu of moving forward under the terms of the tentative financial settlement, the staff was considering recommending to the Commissioners of the SEC the instituting of a formal action against Seligman. Seligman believes that any action would be both inappropriate and unnecessary, especially in light of the fact that Seligman previously resolved the underlying issue with the Independent Directors of the Seligman Funds and made recompense to the affected Funds.

Immediately after settlement discussions with the Attorney General ended, the Attorney General issued subpoenas to certain of the Seligman Funds and their directors. The subpoenas seek various Board materials and information relating to the deliberations of the Independent Directors as to the advisory fees paid by the Seligman mutual funds to Seligman. Seligman has objected to the Attorney General's seeking of such information and, on September 6, 2005, filed suit in federal district court seeking to enjoin the Attorney General from pursuing a fee inquiry. Seligman believes that the Attorney General's inquiry is improper because Congress has vested exclusive regulatory oversight of investment company advisory fees in the SEC.

At the end of September 2005, the Attorney General indicated that it intends to file an action at some point in the future alleging, in



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substance, that Seligman permitted other persons to engage in frequent trading other than the arrangements described above and, as a result, the prospectus disclosure used by the Seligman Funds is and has been misleading. Seligman believes any such action would be without merit.

Any resolution of these matters with regulatory authorities may include, but not be limited to, sanctions, penalties, injunctions regarding Seligman, restitution to mutual fund shareholders or changes in procedures. Any penalties or restitution will be paid by Seligman and not by the Seligman Funds.

Seligman does not believe that the foregoing possible actions or any threatened legal actions should have a material adverse impact on Seligman or the Seligman Funds; however, there can be no assurance of this or that these matters and any related publicity will not result in reduced demand for shares of the Seligman Funds or other adverse consequences.

Q10. DOES SELIGMAN HAVE ANY MARKET TIMING ARRANGEMENTS AT THE CURRENT TIME?

A. Market timing arrangements in the Seligman Funds have been prohibited. In addition, Seligman has strengthened existing controls to discourage and help prevent market timing.

Q11. HAVE ANY EMPLOYEES BEEN DISCIPLINED IN CONNECTION WITH THE MANAGER'S OVERALL INTERNAL REVIEW?

A. One employee has left Seligman.

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### DESCRIPTION OF CAPITAL STOCK

(a) DIVIDEND RIGHTS: Common Stockholders are entitled to receive dividends only if and to the extent declared by the Board of Directors and only after (i) such provisions have been made for working capital and for reserves as the Board may deem advisable, (ii) full cumulative dividends at the rate of \$0.625 per share per quarterly dividend period have been paid on the Preferred Stock for all past quarterly periods and have been provided for the current quarterly period, and (iii) such provisions have been made for the purchase or for the redemption (at a price of \$55 per share) of the Preferred Stock as the Board may deem advisable. In any event, no dividend may be declared upon the Common Stock unless, at the time of such declaration, the net assets of the Corporation, after deducting the amount of such dividend and the amount of all unpaid dividends declared on the Preferred Stock, shall be at least equal to \$100 per outstanding share of Preferred Stock. The equivalent figure was \$3,301.31 at February 28, 2006.

(b) VOTING RIGHTS: The Preferred Stock is entitled to two votes and the Common Stock is entitled to one vote per share at all meetings of stockholders. In the event of a default in payments of dividends on the Preferred Stock equivalent to six quarterly dividends, the Preferred Stockholders are entitled, voting separately as a class to the exclusion of Common Stockholders, to elect two additional directors, such right to continue until all arrearages have been paid and current Preferred Stock dividends are provided for. Notwithstanding any provision of law requiring any action to be taken or authorized by the affirmative vote of the holders of a designated portion of all the shares or of the shares of each class, such action shall be effective if taken or authorized by the affirmative vote of a majority of the aggregate number of the votes entitled to vote thereon, except that a class vote of Preferred Stockholders is also required to approve certain actions adversely affecting their rights. Any

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change in the Corporation's fundamental policies may also be authorized by the vote of 67% of the votes present at a meeting if the holders of a majority of the aggregate number of votes entitled to vote are present or represented by proxy.

Consistent with the requirements of Maryland law, the Corporation's Charter provides that the affirmative vote of two-thirds of the aggregate number of votes entitled to be cast thereon shall be necessary to authorize any of the following actions: (i) the dissolution of the Corporation; (ii) a merger or consolidation of the Corporation (in which the Corporation is not the surviving corporation) with (a) an open-end investment company or (b) a closed-end investment company, unless such closed-end investment company's Articles of Incorporation require a two-thirds or greater proportion of the votes entitled to be cast by such company's stock to approve the types of transactions covered by clauses (i) through (iv) of this paragraph; (iii) the sale of all or substantially all of the assets of the Corporation to any person (as such term is defined in the 1940 Act); or (iv) any amendment of the Charter of this Corporation which makes any class of the Corporation's stock a redeemable security (as such term is defined in the 1940 Act) or reduces the two-thirds vote required to authorize the actions listed in this paragraph. This could have the effect of delaying, deferring or preventing changes in control of the Corporation.

(c) LIQUIDATION RIGHTS: In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after payment to the Preferred Stockholders of an amount equal to \$50 per share plus dividends accrued or in arrears, the Common Stockholders are entitled, to the exclusion of the Preferred Stockholders, to share ratably in all the remaining assets of the Corporation available for distribution to stockholders.

(d) OTHER PROVISIONS: Common Stockholders do not have preemptive, subscription or conversion rights, and are not liable for further calls or assessments. The Corporation's Board of Directors (other than any directors

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who may be elected to represent Preferred Stockholders as described above) are classified as nearly as possible into three equal classes with a maximum three-year term so that the term of one class of directors expires annually. Such classification provides continuity of experience and stability of management while providing for the election of a portion of the Board of Directors each year. Such classification could have the effect of delaying, deferring or preventing changes in control of the Corporation.

The Board of Directors may classify or reclassify any unissued stock of any class with or without par value (including Preferred Stock and Common Stock) into one or more classes of preference stock on a parity with, but not having preference or priority over, the Preferred Stock by fixing or altering before the issuance thereof the designations, preferences, voting powers, restrictions and qualifications of, the fixed annual dividends on, the times and prices of redemption, the terms of conversion, the number and/or par value of the shares and other provisions of such stock to the full extent permitted by the laws of Maryland and the Corporation's Charter. Stockholder approval of such action is not required.

### DESCRIPTION OF WARRANTS

The Corporation's Charter and Warrant certificates provide that each Warrant represents the right during an unlimited time to purchase one share of Common Stock at a price of \$22.50 per share, subject to increase in the number of

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shares purchasable and adjustment of the price payable pursuant to provisions of the Charter requiring such adjustments whenever the Corporation issues any shares of Common Stock at a price less than the Warrant purchase price in effect immediately prior to issue. Each Warrant presently entitles the holder to purchase 22.50 shares of Common Stock at \$1.00 per share. There were 12,082 Warrants outstanding at February 28, 2006. Fractional shares of Common Stock are not issued upon the exercise of Warrants. In lieu thereof, the Corporation issues scrip certificates representing corresponding fractions of the right to receive a full share of Common Stock if exchanged by the end of the second calendar year following issuance or of the proceeds of the sale of a full share if surrendered during the next four years thereafter.

### COMPUTATION OF NET ASSET VALUE

Net asset value of the Common Stock is determined daily, Monday through Friday, as of the close of regular trading on the New York Stock Exchange (normally, 4:00 p.m. Eastern time) each day the New York Stock Exchange is open for trading.

Net asset value per share of Common Stock is determined by dividing the current value of the assets of the Corporation less its liabilities and the prior claim of the Preferred Stock by the total number of shares of Common Stock outstanding.

Generally, securities owned by the Corporation are valued at the last sale price on the securities exchange or securities market on which such securities primarily are traded. Securities not listed on an exchange or security market or for which there is no last sales price are valued at the mean of the most recent bid and asked price, or by the Manager based on quotations provided by primary market makers in such securities. If the Manager concludes that the most recently reported (or closing) price of a security held by the Corporation is no longer valid or reliable, or such price is otherwise unavailable, the Manager will value the security at its fair value as

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determined in accordance with procedures approved by the Board of Directors. This can occur in the event of, among other things, natural disasters, acts of terrorism, market disruptions, intra-day trading halts or extreme market volatility. Short-term holdings maturing in 60 days or less are generally valued at amortized cost if their original maturity was 60 days or less. Short-term holdings with more than 60 days remaining to maturity will be valued at current market value until the 61st day prior to maturity, and will then be valued on an amortized cost basis based on the value of such date unless the Board determines that this amortized cost value does not represent fair market value.

All assets and liabilities initially expressed in foreign currencies will be converted into U.S. dollars by a pricing service based upon the mean of the bid and asked prices of such currencies against the U.S. dollar quoted by a major bank which is a regular participant in the institutional foreign exchange markets.

### DIVIDEND POLICY AND TAXES

**DIVIDENDS:** Dividends are paid quarterly on the Preferred Stock and on the Common Stock in amounts representing substantially all of the net investment income earned each year. Payments on the Preferred Stock are in a fixed amount, but payments on the Common Stock vary in amount, depending on investment income received and expenses of operation. Substantially all of any taxable net gain

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realized on investments is paid to Common Stockholders at least annually in accordance with requirements under the Internal Revenue Code of 1986, as amended, and other applicable statutory and regulatory requirements. At December 31, 2005, the Corporation had a net capital loss carry-forward for federal income tax purposes of \$285,514,996, which is available for offset against future taxable net capital gains with \$248,552,472 expiring in 2010 and \$36,962,524 expiring in 2011. Accordingly, no capital gain distributions are expected to be paid to stockholders until net capital gains have been realized in excess of the available capital loss carry-forward.

Unless SDC is otherwise instructed by you, dividends on the Common Stock are paid in cash and capital gain distributions are paid in book shares of Common Stock which are entered in your Tri-Continental account as "book credits." Long-term gain distributions ordinarily are paid in shares of Common Stock, or, at your option, 75% in book shares and 25% in cash, or, in the alternative, 100% in cash. Shares distributed in payment of gain distributions are valued at market price or at net asset value, whichever is lower, on the valuation date. Distributions or dividends received by you will have the effect of reducing the net asset value of the shares of the Corporation by the amount of such distributions. If the net asset value of shares is reduced below your cost by a distribution, the distribution will be taxable as described below even though it is in effect a return of capital.

**TAXES:** The Corporation intends to continue to qualify and elect to be treated as a regulated investment company under the Internal Revenue Code. As a regulated investment company, the Corporation will generally be exempt from federal income taxes on net ordinary income and capital gains that it distributes to stockholders, provided that at least 90% of its net ordinary income and net short-term capital gains are distributed to stockholders each year.

Qualification does not, of course, involve governmental supervision of management or investment practices or policies. Investors should consult their own counsel for a complete understanding of the requirements the

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Corporation must meet to qualify for such treatment. The information set forth below relates solely to the U.S. Federal income taxes on dividends and distributions by the Corporation and assumes that the Corporation qualifies as a regulated investment company.

Dividends on Common or Preferred Stock representing net investment income and distributions from the excess of net short-term capital gains over net long-term capital losses are taxable to stockholders as ordinary income, whether received in cash or invested in additional shares. To the extent designated as derived from the Corporation's dividend income that would be eligible for the dividends received deduction if the Corporation were not a regulated investment company, they are eligible, subject to certain restrictions, for the 70% dividends received deduction for corporations. Distributions of net capital gain (i.e., the excess of net long-term capital gains over any net short-term capital losses) are taxable as long-term capital gain, whether received in cash or invested in additional shares, regardless of how long you have held your shares. The tax rate on net long-term capital gains for individuals is reduced generally from 20% to 15% (5% for individuals in lower tax brackets) for such gain held for more than one year and realized before January 1, 2009. Such distributions are not eligible for the dividends received deduction allowed to corporate stockholders. If you receive distributions in the form of additional shares issued by the Corporation, you will be treated for federal income tax purposes as having received a

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distribution in an amount equal to the fair market value on the date of distribution of the shares received.

Dividends declared in October, November or December, payable to stockholders of record on a specified date in such a month and paid in the following January will be treated as having been paid by the Corporation and received by each stockholder in December. Under this rule, therefore, stockholders may be taxed in one year on dividends or distributions actually received in January of the following year.

The Corporation is subject to a 4% nondeductible excise tax on the underdistribution of amounts required to be paid pursuant to a prescribed formula. The formula requires payment to stockholders during a calendar year of distributions representing at least 98% of the Corporation's ordinary income for the calendar year, at least 98% of its capital gain net income realized during the one-year period ending October 31 during such year, and all ordinary income and capital gain net income for prior years that was not previously distributed. The Corporation intends to make sufficient distributions or deemed distributions of its ordinary income and capital gain net income prior to the end of each calendar year to avoid liability for the excise tax.

Any gain or loss you realize upon a sale or redemption of Common or Preferred Stock will generally be treated as a long-term capital gain or loss if you held your shares for more than one year and as a short-term capital gain or loss if you held your shares for one year or less. Individual stockholders will be subject to federal income tax on net capital gains at a maximum rate of 15% in respect of shares held for more than one year and disposed of before January 1, 2009. Net capital gain of a corporate stockholder is taxed at the same rate as ordinary income. However, if shares on which a long-term capital gain distribution has been received are subsequently sold or redeemed and such shares have been held for six months or less, (after taking into account certain hedging transactions), any loss you realize will be treated as long-term capital loss to the extent that it offsets the long-term capital gain distribution. No loss will be allowed on the sale or other disposition of shares of the Corporation if, within a period beginning 30 days before the date of such sale or disposition and ending 30 days after such date, you acquire (such as through the Automatic Dividend Investment and Cash Purchase Plan), or enter into a contract or option to acquire, securities that are substantially identical to the shares of the Corporation.

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The tax treatment of the Corporation and of stockholders under the tax laws of the various states may differ from the federal tax treatment. You are urged to consult your own tax advisor regarding specific questions as to federal, state or local taxes, including questions regarding the alternative minimum tax.

THE CORPORATION IS REQUIRED TO WITHHOLD AND REMIT TO THE U.S. TREASURY A PORTION OF TAXABLE DIVIDENDS AND OTHER REPORTABLE PAYMENTS PAID ON YOUR ACCOUNT IF YOU PROVIDE THE CORPORATION WITH EITHER AN INCORRECT TAXPAYER IDENTIFICATION NUMBER (THIS IS YOUR SOCIAL SECURITY NUMBER FOR INDIVIDUALS) OR NO NUMBER AT ALL OR YOU FAIL TO CERTIFY THAT YOU ARE NOT SUBJECT TO SUCH WITHHOLDING. YOU SHOULD BE AWARE THAT, UNDER REGULATIONS PROMULGATED BY THE INTERNAL REVENUE SERVICE, THE CORPORATION MAY BE FINED ON AN ANNUAL BASIS FOR EACH ACCOUNT FOR WHICH A CERTIFIED TAXPAYER IDENTIFICATION NUMBER IS NOT PROVIDED. THE CORPORATION MAY CHARGE YOU A SERVICE FEE EQUAL TO SUCH FINE FOR ACCOUNTS NOT HAVING A CERTIFIED TAXPAYER IDENTIFICATION NUMBER. CERTIFICATES WILL NOT BE ISSUED UNLESS AN ACCOUNT IS CERTIFIED.

INVESTMENT PLANS AND OTHER SERVICES

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### AUTOMATIC DIVIDEND INVESTMENT AND CASH PURCHASE PLAN

The Automatic Dividend Investment and Cash Purchase Plan is available for any Common stockholder who wishes to purchase additional shares of the Corporation's Common Stock with dividends or other cash payments on shares owned, with cash dividends paid by other corporations in which stock is owned or with cash funds. The tax treatment of dividends and capital gain distributions is the same whether you take them in cash or reinvest them to buy additional shares of the Corporation. Details of the services offered under the Plan are given in the Authorization Form appearing in this Prospectus. Under the Plan, you appoint the Corporation as your purchase agent to receive or invest such dividends and cash funds forwarded by you for your accounts in additional shares of the Corporation's Common Stock (after deducting a service charge), as described under "Method of Purchase" below. Funds forwarded by you under the Plan should be made payable to Tri-Continental Corporation and mailed to Tri-Continental Corporation, P.O. Box 9766, Providence, RI 02940-9766. Checks for investment must be in U.S. dollars drawn on a domestic bank. Credit card convenience checks and third party checks (i.e., checks made payable to a party other than Tri-Continental Corporation) may not be used to purchase shares under this Plan. You should direct all correspondence concerning the Plan to Seligman Data Corp., 100 Park Avenue, New York, NY 10017. At present, a service fee of up to a maximum of \$2.00 will be charged for each cash purchase transaction. There is no charge for Automatic Dividend Investment. As of February 28, 2006, 19,806 stockholders, owning approximately 29,900,825 shares of Common Stock, were using the Plan. You may choose one or more of the services under the Plan and you may change your choices (or terminate participation) at any time by notifying SDC in writing. The Plan may be amended or terminated by written notice to Planholders.

### AUTOMATIC CHECK SERVICE

The Automatic Check Service enables you, if you are an Automatic Dividend Investment and Cash Purchase Planholder, to authorize checks to be drawn on your regular checking account at regular intervals for fixed amounts to be invested in additional shares of Common Stock for your account. An Authorization Form to be used to start the Automatic Check Service is included in this Prospectus.

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### SHARE KEEPING SERVICE

You may send certificates for shares of the Corporation's Common Stock to SDC to be placed in your account. Certificates should be sent to Seligman Data Corp., 101 Sabin Street, Pawtucket, RI 02860-1427, with a letter requesting that they be placed in your account. You should not sign the certificates and they should be sent by certified or registered mail. Return receipt is advisable; however, this may increase mailing time. When your certificates are received by SDC, the shares will be entered in your Tri-Continental account as "book credits" and shown on the Statement of Account received from SDC. If you use the Share Keeping Service you should keep in mind that you must have a stock certificate for delivery to a broker if you wish to sell shares. A certificate will be issued and sent to you on your written request to SDC, usually within two business days of the receipt of your request. You should consider the time it takes for a letter to arrive at SDC and for a certificate to be delivered to you by mail before you choose to use this service.

### TAX-DEFERRED RETIREMENT PLANS

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Shares of the Corporation may be purchased for:

- Individual Retirement Accounts (IRAs) (available to current stockholders only);
- Savings Incentive Match Plans for Employees (SIMPLE IRAs);
- Simplified Employee Pension Plans (SEPs);
- Section 401(k) Plans for corporations and their employees; and
- Money Purchase Pension and Profit Sharing Plans for sole proprietorships, partnerships and corporations.

These types of plans may be established only upon receipt of a written application form. The Corporation may register an IRA investment for which an account application has not been received as an ordinary taxable account.

For more information, write Retirement Plan Services, Seligman Data Corp., 100 Park Avenue, New York, NY 10017. You may telephone toll-free by dialing (800) 445-1777 in the United States.

State Street Bank and Trust Company acts as trustee and custodian and performs other related services with respect to the Plans.

### J. & W. SELIGMAN & CO. INCORPORATED MATCHED ACCUMULATION PLAN

The Manager has a Matched Accumulation Plan ("Profit-Sharing Plan") which provides that, through payroll deductions which may be combined with matching contributions and through any profit sharing distribution made by the Manager to the Profit-Sharing Plan, eligible employees of the Manager, Seligman Advisors, Inc. and Seligman Services, Inc. may designate that the payroll deductions and contributions made by the Manager and invested by the Plan trustee, be invested in certain investment companies for which the Manager serves as investment adviser. One such fund consists of Common Stock of the Corporation purchased by the trustee as described under "Method of Purchase."

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### SELIGMAN DATA CORP. EMPLOYEES' THRIFT PLAN

SDC has an Employees' Thrift Plan ("Thrift Plan") which provides a systematic means by which savings, through payroll deductions, of eligible employees of SDC may be combined with matching contributions made by the company and invested by the Plan trustee, in certain investment companies for which the Manager serves as investment adviser, as designated by the employee. One such fund consists of Common Stock of the Corporation purchased by the trustee as described under "Method of Purchase."

### METHOD OF PURCHASE

Purchases will be made by the Corporation from time to time on the New York Stock Exchange or elsewhere to satisfy dividend and cash purchase investments under the Automatic Dividend Investment and Cash Purchase Plan, tax-deferred retirement plans, and the investment plans noted above. Purchases will be suspended on any day when the closing price (or closing bid price if there were no sales) of the Common Stock on the New York Stock Exchange on the preceding trading day was higher than the net asset value per share (without adjustment for the exercise of Warrants remaining outstanding). If on the dividend payable date or the date shares are issuable to stockholders making Cash Purchase

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investments under the Plan (the "Issuance Date"), shares previously purchased by the Corporation are insufficient to satisfy dividend or Cash Purchase investments and on the last trading day immediately preceding the dividend payable date or the Issuance Date the closing sale or bid price of the Common Stock is lower than or the same as the net asset value per share, the Corporation will continue to purchase shares until a number of shares sufficient to cover all investments by stockholders has been purchased or the closing sale or bid price of the Common Stock becomes higher than the net asset value, in which case the Corporation will issue the necessary additional shares. If on the last trading date immediately preceding the dividend payable date or Issuance Date, the closing sale or bid price of the Common Stock was higher than the net asset value per share, and if shares of the Common Stock previously purchased on the New York Stock Exchange or elsewhere are insufficient to satisfy dividend or Cash Purchase investments, the Corporation will issue the necessary additional shares from authorized but unissued shares of the Common Stock.

Shares will be issued on the dividend payable date or the Issuance Date at a price equal to the lower of (1) the closing sale or bid price, plus commission, of the Common Stock on the New York Stock Exchange on the ex-dividend date or Issuance Date or (2) the greater of the net asset value per share of the Common Stock on such trading day (without adjustment for the exercise of Warrants remaining outstanding) and 95% of the closing sale or bid price of the Common Stock on the New York Stock Exchange on such trading day. In the past, the Common Stock ordinarily has been priced in the market at less than net asset value per share.

The net proceeds to the Corporation from the sale of any shares of Common Stock to the Plans will be added to its general funds and will be available for additional investments and general corporate purposes. The Manager anticipates that investment of any proceeds, in accordance with the Corporation's investment objective and policies, will take up to thirty days from their receipt by the Corporation, depending on market conditions and the availability of appropriate securities, but in no event will such investment take longer than six months. Pending such investment in accordance with the Corporation's objective and policies, the proceeds will be held in U.S. Government Securities (which term includes obligations of the United States Government, its agencies or instrumentalities) and other short-term money market instruments.

If you are participating in the Automatic Dividend Investment and Cash Purchase Plan and your shares are held under the Plan in book credit form, you may terminate your participation in the Plan and receive a certificate

for all or a part of your shares or have all or a part of your shares sold for you by the Corporation and retain unsold shares in book credit form or receive a certificate for any shares not sold. Instructions must be signed by all registered stockholders and should be sent to Seligman Data Corp., 101 Sabin Street, Pawtucket, RI 02860-1427. If you elect to have shares sold, you will receive the proceeds from the sale, less any brokerage commissions. Only participants whose shares are held in book credit form may elect upon termination of their participation in the Plan to have shares sold in the above manner. All other stockholders of the Corporation must sell shares through a registered broker/dealer. As an additional measure to protect you and the Corporation, SDC may confirm written instructions by telephone before sending your money when the value of the shares being sold is \$25,000 or more, or when proceeds are directed to be paid to an address or payee different from that on our records. This will not affect the date on which your instruction to sell shares is actually processed. Whenever the value of the shares being sold is



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\$50,000 or more, or the proceeds are to be paid or mailed to an address or payee different from that on our records, the signature of all stockholders must be guaranteed by an eligible financial institution including, but not limited to, the following: banks, trust companies, credit unions, securities brokers and dealers, savings and loan associations and participants in the Securities Transfer Association Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange Medallion Signature Program. Notarization by a notary public is not an acceptable signature guarantee. The Corporation reserves the right to reject a signature guarantee where it is believed that the Corporation will be placed at risk by accepting such guarantee.

### SYSTEMATIC WITHDRAWAL PLAN

This Plan is available if you wish to receive fixed payments from your investment in the Common Stock in any amount at specified regular intervals. You may start a Systematic Withdrawal Plan if your shares of the Corporation's Common Stock have a market value of \$5,000 or more. Shares must be held in your account as book credits. SDC will act for you, make payments to you in specified amounts on either the 1st or 15th day of each month, as designated by you, and maintain your account. There is a charge by the agent of \$1.00 per withdrawal payment for this service. This charge may be changed from time to time.

Payments under the Systematic Withdrawal Plan will be made by selling exactly enough full and fractional shares of Common Stock to cover the amount of the designated withdrawal. Sales may be made on the New York Stock Exchange, to the agent or a trustee for one of the other Plans, or elsewhere. Payments from sales of shares will reduce the amount of capital at work and dividend earning ability, and ultimately may liquidate the investment. Sales of shares may result in gain or loss for income tax purposes. Withdrawals under this Plan or any similar withdrawal plan of any other investment company, concurrent with purchases of shares of the Common Stock or of shares of any other investment company, will ordinarily be disadvantageous to the Planholder because of the payment of duplicative commission or sales loads.

### STOCKHOLDER INFORMATION

SDC maintains books and records for all of the Plans, and confirms transactions to stockholders. To insure prompt delivery of checks, account statements and other information, you should notify SDC immediately, in writing, of any address changes. If you close your account during any year it is important that you notify SDC of any subsequent address changes to ensure that you receive a year-end statement and tax information for that year. You will be sent reports quarterly regarding the Corporation. General information about the Corporation may be requested by writing the Corporate Communications/Investor Relations Department, J. & W. Seligman & Co.

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Incorporated, 100 Park Avenue, New York, NY 10017 or by telephoning the Corporate Communications/Investor Relations Department toll-free at (800) 221-7844 in the U.S. You may call (212) 850-1864 outside the U.S. Information about your account (other than a retirement plan account), may be requested by writing Stockholder Services, Seligman Data Corp., at the same address or by telephone by dialing toll-free (800) 874-1092 in the U.S. or 212-682-7600 outside the U.S. For information about a retirement account, call Retirement Plan Services toll-free at (800) 445-1777 or write Retirement Plan Services, Seligman Data Corp. at the above address. SDC may be telephoned Monday through Friday (except holidays) between the hours of 8:30 a.m. and 6:00 p.m. Eastern

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time. Your call will be answered by a service representative.

24-HOUR AUTOMATED TELEPHONE ACCESS IS AVAILABLE BY DIALING (800) 622-4597 (WITHIN THE UNITED STATES) ON A TOUCHTONE TELEPHONE, WHICH PROVIDES INSTANT ACCESS TO PRICE, ACCOUNT BALANCE, MOST RECENT TRANSACTION AND OTHER INFORMATION. IN ADDITION, YOU MAY REQUEST ACCOUNT STATEMENTS AND FORM 1099-DIV.

ISSUANCE OF SHARES IN CONNECTION WITH ACQUISITIONS

The Corporation may issue shares of its Common Stock in exchange for the assets of another investment company in transactions in which the number of shares of Common Stock of the Corporation to be delivered will be generally determined by dividing the current value of the seller's assets by the current per share net asset value or market price on the New York Stock Exchange of the Common Stock of the Corporation, or by an intermediate amount. In such acquisitions, the number of shares of the Corporation's Common Stock to be issued will not be determined on the basis of the market price of such Common Stock if such price is lower than its net asset value per share, except pursuant to an appropriate order of the Securities and Exchange Commission or approval by stockholders of the Corporation, as required by law. The Corporation is not presently seeking to acquire the assets of any investment company, but it may acquire the assets of companies from time to time in the future.

Some or all of the stock so issued may be sold from time to time by the recipients or their stockholders through brokers in ordinary transactions on stock exchanges at current market prices. The Corporation has been advised that such sellers may be deemed to be underwriters as that term is defined in the 1933 Act.

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[LOGO] Tri-Continental Corporation
To: Seligman Data Corp.
P.O. Box 9759
Providence, Rhode Island 02940-9759

AUTHORIZATION FORM FOR AUTOMATIC DIVIDEND

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INVESTMENT  
 AND  
 CASH  
 PURCHASE  
 PLAN  
 .  
 AUTOMATIC  
 DIVIDEND  
 INVESTMENT  
 .  
 AUTOMATIC  
 INVESTMENT  
 OF  
 OTHER  
 CORPORATIONS'  
 DIVIDENDS  
 .CASH  
 PURCHASE  
 PLAN  
 .  
 AUTOMATIC  
 CHECK  
 SERVICE

Date.....

Gentlemen:

I own shares of Tri-Continental Corporation Common Stock registered as shown below:

ACCOUNT REGISTRATION

-----		
Stockholder's Name (print or type)	Stockholder's Signature*	
-----		
Co-Holder's Name	Co-Holder's Signature*	
-----		
Address (street and number)	Taxpayer Identification Number	
-----		
City	State	Zip Code.. Stockholder Account Number, if known

\* If shares are held or to be held in more than one name, all must sign, and plural pronouns will be implied in the text. In the case of co-holders, a joint tenancy with right of survivorship will be presumed unless otherwise specified.

Under penalties of perjury I certify that the number shown on this form is my correct Taxpayer Identification Number (Social Security Number) and that I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. I certify to my legal capacity to purchase or sell shares of the Corporation for my own Account, or for the Account of the organization named above. I have received a current Prospectus of the Corporation and appoint Seligman Data Corp. as my agent to act in accordance with my instructions herein.

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Date      Stockholder's Signature

I have read the Terms and Conditions of the Automatic Dividend Investment and Cash Purchase Plan and the current Prospectus, a copy of which I have received, and I wish to establish a Plan to use the Services checked below:

SERVICE(S) DESIRED

AUTOMATIC INVESTMENT OF TRI-CONTINENTAL DIVIDENDS

I wish to have my quarterly dividends invested in additional shares, and distributions from gains paid as follows:

- Credited to my account in additional full and fractional shares.
- Credited 75% to my account in shares and 25% paid to me in cash.

AUTOMATIC INVESTMENT OF OTHER CORPORATION'S DIVIDENDS

I intend to give orders for the payment of cash dividends from other corporations to be invested in shares of Tri-Continental Common Stock for my account.

Note: Checks in payment of dividends from other corporations should indicate your name and Tri-Continental account number. The checks should be made payable to the order of Tri-Continental Corporation and be mailed to Seligman Data Corp., P.O. Box 9766, Providence, Rhode Island 02940-9766.

CASH PURCHASES

I intend to send funds from time to time to be invested in shares of Tri-Continental Common Stock for my account.

Note: Your checks should indicate your name and Tri-Continental account number. Make all checks payable to Tri-Continental Corporation and mail to Seligman Data Corp., P.O. Box 9766, Providence, Rhode Island 02940-9766.

AUTOMATIC CHECK SERVICE

I have completed the Authorization Form to have pre-authorized checks drawn on my regular checking account at regular intervals for investment in shares of Tri-Continental Common Stock.

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[LOGO] Tri-Continental Corporation

AUTHORIZATION  
FORM  
FOR  
AUTOMATIC CHECK SERVICE

To start your Automatic Check Service, fill out this form and forward it with an unsigned bank check from your regular checking account (marked "void") to:

Seligman Data Corp.  
P.O. Box 9759  
Providence, Rhode Island 02940-9759

Date.....

Gentlemen:

I own shares of Tri-Continental Corporation

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Common Stock, registered as shown below, which are entered in the Automatic Dividend Investment and Cash Purchase Plan.

1. Stockholder Account Number (if known) \_\_\_\_\_

2. AUTOMATIC CHECK SERVICE

Please arrange with my bank to draw pre-authorized checks on my regular checking account and invest \$\_\_\_\_\_ in shares of Tri-Continental Common Stock every:

month

3 months

I have completed the "Bank Authorization to Honor Pre-Authorized Checks" which appears below and have enclosed one of my bank checks marked "void." I understand that my checks will be invested on the fifth day of the month and that I must remember to deduct the amount of my investment as it is made from my checking account balance.

BANK AUTHORIZATION TO HONOR PRE-AUTHORIZED CHECKS

To: \_\_\_\_\_  
(Name of Bank)

\_\_\_\_\_  
(Address of Bank or Branch, Street, City, State and Zip)

Please honor pre-authorized checks drawn on my account by Seligman Data Corp., 100 Park Avenue, New York, NY 10017, to the order of Tri-Continental Corporation, and charge them to my checking account. Your authority to do so shall continue until you receive written notice from me revoking it. You may terminate your participation in this arrangement at any time by written notice to me. I agree that your rights with respect to each pre-authorized check shall be the same as if it were a check drawn and signed by me. I further agree that should any such check be dishonored, with or without cause, intentionally or inadvertently, you shall be held under no liability whatsoever.

-----  
Checking Account No.  
-----

Name(s) of  
Depositor(s)--Please Print

Signature(s) of  
Depositor(s)--As carried  
by Bank

-----  
Address (Street)

City

State

Zip Code

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TERMS AND CONDITIONS

The Automatic Dividend Investment and Cash Purchase Plan provides Tri-Continental Common stockholders with four ways to add to their investments: 1) with Tri-Continental dividends and distributions, 2) with cash dividends from other corporations, 3) with cash payments, in any amount at any time, and 4) with cash provided by pre-authorized checks through the Automatic Check Service. A Planholder may use any or all of these Services, subject to the following terms and conditions:

1. Seligman Data Corp. ("SDC"), as Plan service agent, will maintain accounts and confirm to Planholders, as soon as practicable after each investment, the number of shares of Common Stock acquired and credited to the accounts and the cost. Tri-Continental Corporation (the "Corporation"), as purchase agent, will purchase shares for Planholders. All checks for dividends payable by other corporations or for cash purchase payments sent by Planholders for investment in additional shares of Tri-Continental Common Stock should be drawn to the order of Tri-Continental Corporation and mailed to Seligman Data Corp., P.O. Box 9766, Providence, Rhode Island 02940-9766.

2. Funds received by the Corporation for a Planholder will be combined with funds of other Planholders and those funds may be combined with funds available under the other Plans for the purchase of Tri-Continental Common Stock in order to minimize brokerage commissions on shares purchased. Shares will be purchased in accordance with the current Prospectus. Dividends from other corporations and purchase cash received from Planholders or through the Automatic Check Service will be invested at least once each 30 days.

3. Shares will be issued under the Plan in accordance with the current Prospectus.

4. No stock certificates will be delivered for shares acquired unless the Plan account is terminated or the Planholder requests their delivery by writing to SDC. The shares acquired will be held in each Planholder's account as book credits.

5. Certificates held by a Planholder, or subsequently received, may be sent to SDC for credit to a Plan account. A certificate for any full shares held in a Plan account will be issued at a Planholder's request. The time required to obtain a certificate to sell through a broker, or for other purposes, will be that needed to send a written request to SDC to withdraw the certificate (normally two business days) and to mail the certificate to the Planholder through the U.S. Postal Service.

6. A maximum service charge of \$2.00 will be deducted before each investment is made for a Plan account. There is no charge for Automatic Dividend Investment.

7. Applications for the Automatic Check Service are subject to acceptance by

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the Planholder's bank and SDC. SDC will prepare Automatic Check Service checks with the same magnetic ink numbers that are on a Planholder's check and will arrange with the Planholder's bank to start the Service in accordance with the Planholder's instructions. A minimum of 30 days from the date of receipt of an application by SDC is required to contact the bank and initiate the Service. If for any reason the bank is unable to honor a pre-authorized check request, the Planholder will be notified promptly.

Shares with a market value of at least two times the amount of the authorized checks must be held as book credits for the Planholder's account by SDC. If any check is dishonored or if the value of shares held by SDC in an account falls below the required minimum, the Service may be suspended. The Service may be reinstated upon written request by the Planholder including an indication that the cause of the interruption has been corrected.

If a Planholder's check is not honored by the Planholder's bank at any time, SDC is authorized to sell exactly enough full and fractional shares from the Planholder's account to equal the amount of the dishonored check.

8. A Planholder or SDC may terminate a Plan account at any time upon notice in writing before the record date of a dividend or distribution by Tri-Continental. A Plan account will terminate automatically if the Planholder sells or transfers all of the shares in the Plan account. If a Plan account is terminated, a certificate for the full shares held may be issued and sent to the Planholder, and any fractional shares may be liquidated at the Planholder's request. Terminating Planholders may elect to have all or part of their shares sold by the Corporation, if their shares are held in book credit form. If a Plan account is terminated between the record and payment dates of a dividend, the dividend payment will be made in cash.

9. In acting under this Plan, the Corporation and SDC will be liable only for willful misfeasance or gross negligence.

10. A Planholder may adopt or suspend one or more of the Plan Services by sending a revised Authorization Form or notice in writing to SDC.

11. All additional shares registered in a Planholder's name which are acquired under one or more of the Plan Services or by other means will participate automatically in each of the Plan services elected.

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[LOGO] Tri-Continental Corporation  
an investment you can live with

INVESTMENT MANAGER  
J. & W. Seligman & Co.  
Incorporated

STOCKHOLDER  
SERVICE AGENT  
Seligman Data Corp.

PORTFOLIO SECURITIES  
CUSTODIAN  
State Street Bank and  
Trust Company

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GENERAL COUNSEL  
Sullivan & Cromwell LLP  
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Listed on the  
New York Stock Exchange  
TY

[GRAPHIC] Go paperless -  
sign up for E-Delivery  
at [www.seligman.com](http://www.seligman.com)